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1-1-2007

## Comprehensive Annual Financial Report, 2006

Duckett Creek Sanitary District

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**SUSAN MONTEE, CPA**  
Missouri State Auditor

June 15, 2007

Julie A. Bartch, Director of Administration  
Duckett Creek Sanitary District  
St. Charles County  
3550 Highway K  
St. Charles, MO 63304

Fiscal Period: One Year Ended December 31, 2006 ✓

Dear Ms. Bartch:

In accordance with Section 105.145, RSMo, we acknowledge receipt of the financial report of your political subdivision for the above-described fiscal period.

Thank you for your cooperation in sending this information.

Sincerely,

SUSAN MONTEE, CPA  
STATE AUDITOR

A handwritten signature in cursive script that reads "Judy Buerky".

Judy Buerky  
Local Government Analyst

STATE AUDITOR'S OFFICE  
RECEIVED  
MAY 09 2007



# Duckett Creek Sanitary District

St. Charles County, Missouri

"Protecting the Environment  
While Fostering  
Economic Development"

Comprehensive Annual Financial Report  
December 31, 2006

**DUCKETT CREEK SANITARY DISTRICT  
O'FALLON, MISSOURI**

**Comprehensive Annual Financial Report  
For the Years Ended December 31, 2006 And 2005**

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# INTRODUCTORY SECTION



Duckett Creek Sanitary District







# Duckett Creek Sanitary District

3550 Hwy K, O'Fallon, Missouri 63368-8384

Ph: (636) 441-1244  
Customer Service Fax: (636) 498-8100  
Engineering Fax: (636) 498-8150

March 29, 2007

The Board of Trustees  
And Executive Director  
Duckett Creek Sanitary District

The Comprehensive Annual Financial Report (CAFR) of Duckett Creek Sanitary District for fiscal year ended December 31, 2006 is submitted herewith. The District is responsible for the accuracy of the data and the completeness and fairness of the presentation of the financial statements and other information presented herein. We believe the presentation is accurate in all material respects and includes all disclosures necessary to enable the reader to gain a reasonable understanding of the District's financial activities.

## **FINANCIAL INFORMATION**

**PROFILE OF THE GOVERNMENT** - The District was established by a resolution adopted by the St. Charles County Court (now referred to as the County Commission) in 1978. On January 1, 1993, St. Charles County became a first class county with a charter form of government. Pursuant to Section 249 Revised Statutes of Missouri for sewer districts within a first class county, the County Commission appointed the original five trustees, who were responsible for control and operation of the District. The St. Charles County Executive now appoints the trustees with concurrence of the County Council to staggered five-year terms. A minimum of three trustees must reside within the District boundaries.

An Executive Director who is responsible for implementing the Trustees' directive and policies and for administrative management and operations functions provides full-time management of the District's operation. The District employs 43 full-time employees and the Director.

The District occupies approximately 54 square miles, one quarter of the area of St. Charles County, and encompasses a portion of the cities of St. Charles, St. Peters, O'Fallon, Weldon Spring, Dardenne Prairie and Cottleville. St. Charles County is located on the western fringe of the St. Louis metropolitan area, approximately 30+ miles northwest of the City of St. Louis, Missouri. The estimated population of St. Charles County is 330,000 and the estimated number of residents served by the District is



Recycled

[www.duckettcreek.com](http://www.duckettcreek.com)

102,000. The average annual customer growth in the District for the last five years has been approximately 3.4%.

The largest commercial customers of the District are a local school district; CITICORP's world headquarters and the local community college district.

The District operates approximately 544 miles of sanitary sewers (collection system) and 37 lift stations. The District's collection system is dedicated to the District by developers at the time of construction. Wastewater treatment is provided by two 6.25 million gallon per day (MGD) capacity activated-sludge secondary treatment facilities. The newest secondary treatment facility, completed in 1997, is located on the bluffs of the Missouri River. This state of the art facility is operated by an off-site supervisory control and data acquisition (SCADA) system. In addition to the operation of the two treatment facilities, the District also operates two package type treatment plants.

The District also provides various engineering-related review and inspection services for the construction of sanitary sewers by individuals, businesses and municipalities within its boundaries. The State of Missouri has designated the District as a permitting authority. This designation allows the District to issue construction permits to builders for collection lines that will become tributary to the District's treatment plants.

## **ECONOMIC CONDITION AND OUTLOOK**

St. Charles County where the District is located is the third largest county in the state of Missouri. The city of O'Fallon, where the District's Administrative offices are located, is the fourth largest city in the state. We are a community of varied attributes that makes us an attractive place to live and work.

A full 60 percent of the homes in St. Charles were built since 1980 making us a very young community. The median age is 34.3. Approximately 26 percent of the population holds Bachelor's Degrees or better. The median household income for 2005 was \$68,337. The Council for Community and Economic Research ranked St. Charles County among the top 20 counties in the country for median household income, the only Missouri County included on the list. St. Charles County poverty level of 2.8% is the lowest percent in counties of 200,000 or more also according to the Council for Community and Economic Research. By creating 12 new jobs a day for the past decade St. Charles enjoys a 4% unemployment rate. This is the lowest January 2006 reported rate in the St. Louis metropolitan area.

The most significant employment growth area of the District is along US Hwy 40/61. Marketed as a "high-tech" corridor, steady development has attracted numerous technology jobs for the residents of St. Charles County. The most significant employers located in the corridor are MasterCard International, Enterprise Leasing and Citicorp. Another significant development within the corridor served by the District is the Missouri Research Park. It is home of the Missouri Bluffs Golf Club that has been host to the Nike Tour classic golf tournament. The O'Fallon Corporate Centre also located within the

corridor was the first "FibrePark" in eastern Missouri and is home to King Safety Products and Component Bar Products.

The largest residential development located in the District, Winghaven, "the City within a City", is a planned, 1,100-acre, \$550 million development within the high-tech corridor. The development provides 1,700 housing units and 850 apartments, including 450 senior citizens units. There is an 18-hole Jack Nicklaus designed golf course and residential village located in the development. Several commercial sites are located in the development, the largest being MasterCard International.

In summary, the economic outlook for the District continues to be extremely positive. The District intends to continue its participation in the planned expansion of St. Charles County to its western most boundaries in an environmentally favorable and friendly manner. This participation will allow the District to continue to experience growth in both size and diversity of its customer base into the next decade.

### **MAJOR INITIATIVES**

Fiscal year 2004 was a pivotal year for development within the District and St. Charles County. The District in concert with a local school board placed into operation, the first of its kind, membrane bioreactor treatment plant (MBR). These MBR plants provide a sound treatment alternative in areas not particularly conducive to development. This allows Duckett Creek to assist developers in continuing their expansion to accommodate the needs of its ever-growing population. The utilization of the MBR plants is expected to continue to increase the District's customer base into the next decade. Based on current projections the District anticipates additional 6,500 - 11,000 customers by the year 2016.

In order to facilitate expansion in these areas the District received voter approval in 2002 for an additional \$18.8 million in revenue bonds. The District conducted its sale in April 2006 and began utilizing bond proceeds. The projects include one \$4 million membrane technology plant completed in October 2006; three additional MBR plants in various phases of construction; an upgrade of the original treatment plant and relocation of a major force main to accommodate highway system expansion.

### **INDEPENDENT AUDIT**

An independent audit of the District is required by the State of Missouri to be performed each year. During 2006, Botz, Deal and Company, P.C. performed the audit. Their opinion for the year ended December 31, 2006 is included in this report.

### **AWARDS**

***GFOA Certificate of Achievement*** - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to Duckett Creek Sanitary District for its comprehensive annual financial report for the fiscal year ended December 31, 2005. This

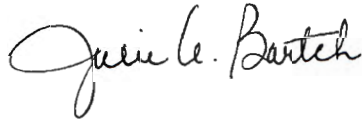
was the eighth (8) consecutive year the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The District has received this award for the last eight years. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility.

**ACKNOWLEDGEMENTS**

Finally, I would like to say the preparation of the Comprehensive Annual Financial Report could not have been accomplished without the dedicated staff of the Administration Department, especially personnel in the Accounting Division. Appreciation is also extended to the Executive Director and Board of Trustees, for their part in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully,



Julie A. Bartch  
Director of Administration

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Duckett Creek Sanitary  
District, Missouri

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



**DUCKETT CREEK SANITARY DISTRICT**

**LIST OF APPOINTED OFFICIALS  
DECEMBER 31, 2005**

Doug Steinmeyer, Chairperson  
Term Expires 2007

Billy Collier, Vice Chairperson  
Term Expires 2006

Tom Oxler  
Term Expires 2008

William Rebore  
Term Expires 2009

Doug Graham  
Term Expires 2010

**DUCKETT CREEK DEPARTMENT DIRECTOR'S**

Tom Engle, Executive Director

Julie A. Bartch  
Director of Administration

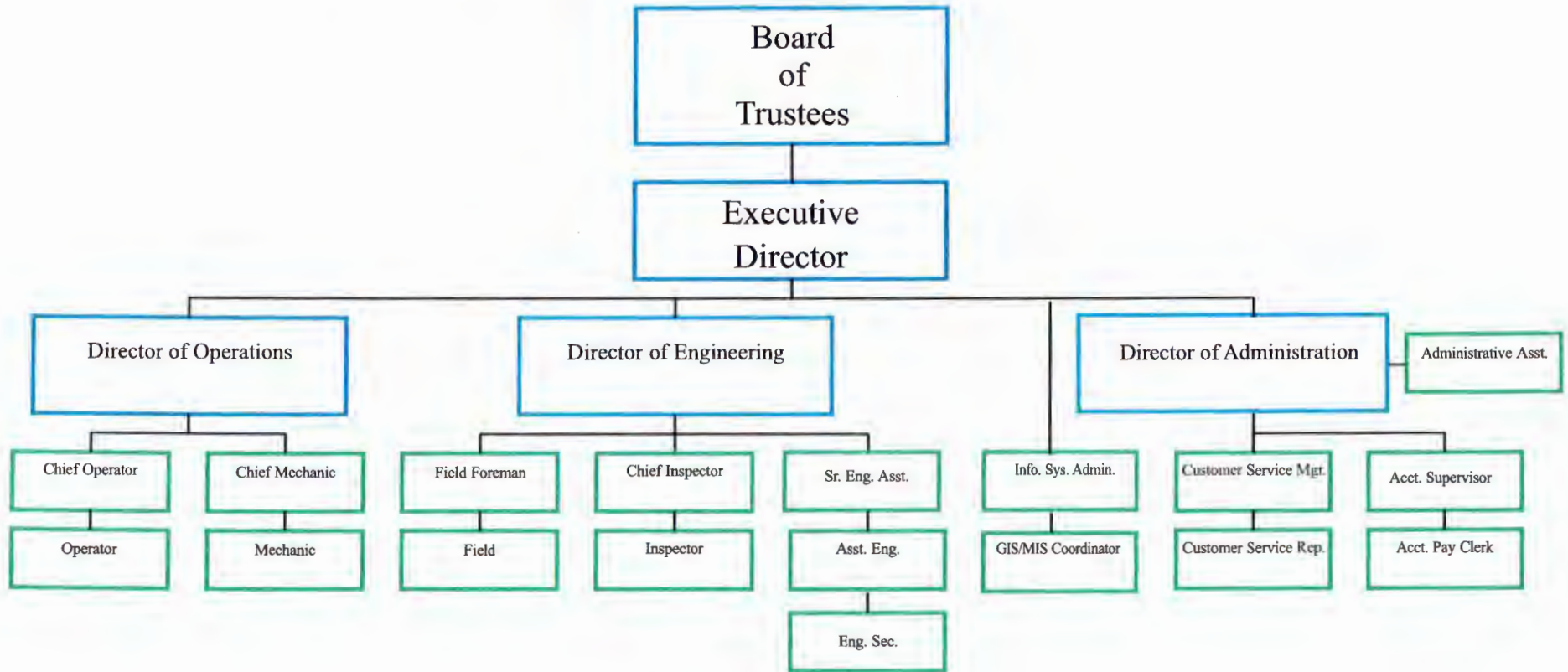
Keith Arbuckle  
Director of Engineering

Rick Higgins  
Director of Operations

All appointed official terms expire December 31st.



# Duckett Creek Sanitary District



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# FINANCIAL SECTION



Duckett Creek Sanitary District



## INDEPENDENT AUDITORS' REPORT



Board of Trustees

***DUCKETT CREEK SANITARY DISTRICT***

We have audited the accompanying statements of net assets of Duckett Creek Sanitary District as of December 31, 2006 and 2005, and the related statements of revenue, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

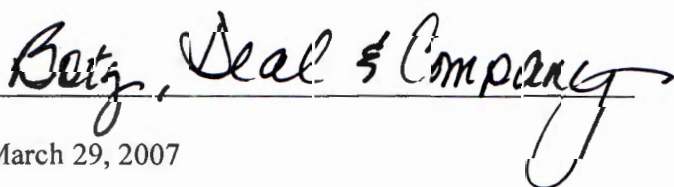
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Duckett Creek Sanitary District as of December 31, 2006 and 2005, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis presented on pages 9 through 12 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Duckett Creek Sanitary District's basic financial statement. The introductory section, supplementary section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of operating, engineering, and general and administrative – budget and actual have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

  
\_\_\_\_\_  
March 29, 2007

TWO WESTBURY DRIVE  
ST. CHARLES, MO 63301  
(636) 946-2800  
FAX (636) 946-2975  
bozdea1@botzdeal.com

## **Management's Discussion and Analysis**

This section of Duckett Creek Sanitary District's annual financial report presents our discussion and analysis of the financial performance during the fiscal year that ended December 31, 2006. Please read it in conjunction with the transmittal letter at the front of this report and the financial statements, which follow this section.

### **Financial Highlights**

- The primary revenue source of the District is charges for services. Total operating revenue for the year was \$8,855,255 of which \$8,789,469 was charges for services.
- Operating expenses were \$6,608,475 for the maintenance and operation activities of the systems. Net acquisition and construction of capital assets totaling \$14,535,426 were primarily due to the completion of the technology plant in October 2006; three additional MBR plants in various phases of construction; an upgrade of the original treatment plant and relocation of a major force main to accommodate highway system expansion.
- Net assets at December 31, 2006 totaled \$80,048,416, which was an increase of \$3,653,352 over December 31, 2005.

### **The Comprehensive Annual Financial Report**

The implementation of GASB 34 has changed the presentation and content of the financial statements from prior statements issued. This comprehensive annual report consists of five parts:

- Introductory section, which includes the transmittal letter and general information,
- Management's discussion and analysis (this part),
- The basic financial statements including the notes to the financial statements,
- Supplementary information and
- Statistical information.

The District maintains a single business-type activity fund. The operations derive revenues from charges for services that are intended to recoup the full cost of operations. These statements report information about the district prepared on a full accrual basis to present information in a more corporate-like presentation.

## Schedules of Net Assets

	2006	2005	2004
Current and other assets	\$ 21,589,415	\$ 12,830,097	\$ 14,045,199
Capital assets	109,019,333	96,180,039	93,720,758
<b>Total assets</b>	<u>130,608,748</u>	<u>109,010,136</u>	<u>107,765,957</u>
Current and other liabilities	5,373,697	4,042,272	3,878,769
Long-term liabilities	45,187,135	28,572,792	30,881,169
<b>Total liabilities</b>	<u>50,560,832</u>	<u>32,615,064</u>	<u>34,759,938</u>
Net assets:			
Invested in capital assets, net of related debt	61,519,008	65,344,039	62,884,758
Restricted	10,265,742	4,239,492	3,178,814
Unrestricted	8,263,666	6,811,541	6,942,447
<b>Total net assets</b>	<u>\$ 80,048,416</u>	<u>\$ 76,395,072</u>	<u>\$ 73,006,019</u>

The total net capital assets increased \$12,839,294 or approximately 13.3% due to the completion of a technology plant in October 2006; three additional MBR plants in various phases of construction; an upgrade of the original treatment plant and relocation of a major force main to accommodate highway system expansion. Long-term liabilities increased by \$16,614,343 due to the issuance of revenue bonds.

## Schedules of Activities

	2006	2005	2004
Revenues:			
Program revenues:			
Charges for service	\$ 7,400,993	\$ 7,241,996	\$ 6,955,433
Connection fees	1,388,476	1,546,253	1,006,836
Other	65,786	86,500	330,244
General Revenues:			
Gain/(loss) on sale of assets	13,224	7,204	7,546
Grants	-	51,046	382,654
Investment income	2,205,418	1,724,969	1,767,366
<b>Total revenues</b>	<u>11,073,897</u>	<u>10,657,968</u>	<u>10,450,079</u>
Expenses:			
Operating	2,356,340	2,174,739	2,233,275
Engineering	1,190,089	1,173,041	1,028,936
General and administration	1,274,298	1,203,781	1,239,178
Depreciation	1,787,748	1,712,027	1,660,049
Interest on long-term debt	2,456,494	1,912,899	2,014,967
Other	372,332	196,209	137,509
<b>Total expenses</b>	<u>9,437,301</u>	<u>8,372,696</u>	<u>8,313,914</u>
Revenues in excess of expenses	1,636,604	2,285,272	2,136,165
Capital contributions	2,016,748	1,103,781	2,149,731
Increase in net assets	3,653,352	3,389,053	4,285,896
Net assets, beginning of year	76,395,072	73,006,019	68,720,123
Net assets, end of year	<u>\$ 80,048,416</u>	<u>\$ 76,395,072</u>	<u>\$ 73,006,019</u>

The district's primary revenue source is program revenue from billing activities and connection fees. The district experienced an increase in charges for services of approximately \$158,997 or 2% during fiscal year 2006 and an increase of \$286,563 or 4% in fiscal year 2005. These increases are the result of customer growth. The District experienced no significant variance from projected revenues for fiscal year 2006. The connection fees, which are an indicator of future growth in our customer base, decreased approximately 10% and increased approximately 54% in 2006 and 2005, respectively.

The program expenses for 2006 were \$9,437,301, an increase of approximately 13%. The increase in the interest on long-term debt reflects the bond issuance during fiscal year 2006.

The District did not have any special or extraordinary items in fiscal year 2006.

## Capital Asset and Debt Administration

### Capital Assets (net of depreciation)

	2006	2005	2004
Land	\$ 1,014,956	\$ 1,008,751	\$ 1,003,008
Plant and equipment	62,731,395	59,252,579	56,518,180
Infrastructure	34,330,398	32,842,147	32,253,297
Equipment	744,659	748,754	919,767
Construction in progress	10,197,925	2,317,808	3,026,506
Total cost	<u>\$ 109,019,333</u>	<u>\$ 96,180,039</u>	<u>\$ 93,720,758</u>

### Major Capital Asset Events FY 2006

- The District completed construction of its first residential membrane technology plant (MBR) located in southwestern St. Charles County in 2006. Customers utilizing this new treatment technology were activated in October. The District also began construction on a second such plant located in northern St. Charles County during this fiscal year. The MBR plants provide a key development tool for future District growth in areas where traditional collection systems are not environmentally or economically feasible. These plants are the first of its kind in the state of Missouri and the mid western United States.
- The District continued work on the upgrade of its original treatment facility built in 1988. The upgrade will increase the capacity of this plant to 6.0 MGD. As part of this project an adequate backup power supply and redundancy for all of the plant's major operating systems will be installed.

Additional information on the District's capital assets can be found in Note 6 of the Notes to the Financial Statements.

## **Debt Administration**

The District issues revenue bonds to pay for treatment plant construction and upgrades and expansion of the system when necessary. The revenue from the sewer system and the various special funds established by bond ordinances collateralizes the revenue bonds. Debt outstanding was increased in fiscal year 2006 by \$16,664,325 due to the issuance of revenue bonds. The debt issues are discussed in Note 7 of the Notes to the Financial Statements.

## **Financial Contact**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with the general overview of the District's finances and to demonstrate the District's accountability for the monies it receives. If you have questions about this report or need additional financial information, contact Duckett Creek Sanitary District, Julie Bartch, Director of Administration, 3550 Highway K, and Saint Charles, MO 63304.

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**DUCKETT CREEK SANITARY DISTRICT**  
**STATEMENTS OF NET ASSETS**  
**DECEMBER 31, 2006 AND 2005**

**ASSETS**

	2006	2005
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 819,917	\$ 748,573
Accounts receivable:		
Trade	329,330	531,896
Other	-	30,352
Interest receivable	198,580	45,643
Unbilled revenue	1,060,465	1,023,079
Restricted assets:		
Cash and cash equivalents	2,399,673	2,397,828
Investments	7,059,596	1,028,909
<b>TOTAL CURRENT ASSETS</b>	<b>11,867,561</b>	<b>5,806,280</b>
 <b>NON-CURRENT ASSETS</b>		
Investments	8,106,165	5,495,208
Restricted assets:		
Investments	806,473	812,755
Interest receivable	8,372	8,372
Deferred charges	800,844	707,482
<b>SUBTOTAL NON-CURRENT ASSETS</b>	<b>9,721,854</b>	<b>7,023,817</b>
 <b>CAPITAL ASSETS</b>		
Land	1,014,956	1,008,751
Plant and equipment	74,942,423	70,451,397
Infrastructure	40,253,186	38,255,366
Equipment	2,375,836	2,215,578
Total Cost	118,586,401	111,931,092
Less: accumulated depreciation	(19,764,993)	(18,068,861)
Net capital assets	98,821,408	93,862,231
Construction in progress	10,197,925	2,317,808
<b>TOTAL CAPITAL ASSETS</b>	<b>109,019,333</b>	<b>96,180,039</b>
 <b>TOTAL NON-CURRENT ASSETS</b>	 <b>118,741,187</b>	 <b>103,203,856</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 130,608,748</b>	 <b>\$ 109,010,136</b>

The accompanying notes are an integral part of these financial statements.



## LIABILITIES AND NET ASSETS

	2006	2005
<b>CURRENT LIABILITIES</b>		
Revenue bonds payable - current maturities	\$ 1,586,000	\$ 1,413,000
Payable from restricted assets:		
Revenue bonds payable - current maturities	1,046,000	893,000
Interest payable	445,802	439,308
Accounts payable	1,232,442	657,042
Interest payable	536,552	540,839
Retainage payable	422,948	1,500
Accrued wages and vacation	82,380	76,829
Unearned revenues	15,811	15,811
Payroll withholdings and taxes payable	5,262	4,943
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,373,197</b>	<b>4,042,272</b>
 <b>LONG-TERM LIABILITIES</b>		
Net premium on bond issuance	318,810	42,792
Revenue bonds payable	47,500,325	30,836,000
Less: current maturities	2,632,000	2,306,000
<b>NET LONG-TERM LIABILITIES</b>	<b>45,187,135</b>	<b>28,572,792</b>
 <b>TOTAL LIABILITIES</b>	 <b>50,560,332</b>	 <b>32,615,064</b>
 <b>NET ASSETS</b>		
Invested in capital asset, net of related debt	61,519,008	65,344,039
Restricted:		
Revenue bond construction	5,176,397	1,287,740
Revenue bond debt service reserve	1,254,583	1,266,020
Revenue bond debt service	3,554,469	1,417,308
Revenue bond depreciation and replacement reserve	280,293	268,424
Unrestricted		
Board designated - reserve	3,000,000	-
Undesignated	5,263,666	6,811,541
<b>TOTAL NET ASSETS</b>	<b>80,048,416</b>	<b>76,395,072</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b>\$ 130,608,748</b>	 <b>\$ 109,010,136</b>

The accompanying notes are an integral part of these financial statements.

**DUCKETT CREEK SANITARY DISTRICT**  
**STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
<b>REVENUE</b>		
Sewer charges	\$ 7,400,993	\$ 7,241,996
Connection fees	1,388,476	1,546,253
Other	65,786	86,500
<b>TOTAL REVENUE</b>	<u>8,855,255</u>	<u>8,874,749</u>
<b>EXPENSES</b>		
Operating	2,356,340	2,174,739
Engineering	1,190,089	1,173,041
General and administrative	1,274,298	1,203,781
Depreciation	1,787,748	1,712,027
<b>TOTAL EXPENSES</b>	<u>6,608,475</u>	<u>6,263,588</u>
<b>NET OPERATING INCOME</b>	<u>2,246,780</u>	<u>2,611,161</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>		
Grants	-	51,046
Investment income	2,205,418	1,724,969
Interest expense	(2,456,494)	(1,912,899)
Amortization of bond costs	(80,183)	(71,506)
Gain (loss) on sale of capital assets	13,224	7,204
Gain (loss) on investments	(292,149)	(124,703)
<b>TOTAL NON-OPERATING REVENUE (EXPENSE)</b>	<u>(610,184)</u>	<u>(325,889)</u>
<b>NET INCOME BEFORE CONTRIBUTIONS</b>	1,636,596	2,285,272
Capital contributions	2,016,748	1,103,781
<b>CHANGE IN NET ASSETS</b>	<u>3,653,344</u>	<u>3,389,053</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>76,395,072</u>	<u>73,006,019</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 80,048,416</u>	<u>\$ 76,395,072</u>

The accompanying notes are an integral part of these financial statements.

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**DUCKETT CREEK SANITARY DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 9,020,435	\$ 8,887,715
Cash paid to suppliers	(1,547,699)	(2,266,268)
Cash paid to employees	(2,239,958)	(2,087,939)
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,232,778	4,533,508
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(12,610,294)	(3,067,528)
Proceeds from the sale of assets	13,224	7,204
Proceeds from the issuance of debt	18,795,431	-
Principal paid on revenue bond maturities	(2,306,000)	(2,334,000)
Premium received on bond issue	293,048	-
Payment of bond issue costs	(173,545)	-
Grants	-	51,046
Interest paid on revenue bonds	(2,296,423)	(1,951,478)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	1,715,441	(7,294,756)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(29,712,493)	(7,560,172)
Proceeds from the sale of investments	20,784,982	10,053,340
Interest received	2,052,481	1,717,121
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(6,875,030)	4,210,289
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	73,189	1,449,041
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	3,146,401	1,697,360
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 3,219,590	\$ 3,146,401

The accompanying notes are an integral part of these financial statements.

**RECONCILIATION OF NET OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

	2006	2005
<b>NET OPERATING INCOME</b>	<b>\$ 2,246,780</b>	<b>\$ 2,611,161</b>
 <b>ADJUSTMENTS TO RECONCILE NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Depreciation	1,787,748	1,712,027
(Increase) decrease in assets:		
Accounts receivable - trade	165,180	12,966
Accounts receivable - other	30,352	(30,352)
Increase (decrease) in liabilities:		
Accounts payable	575,400	242,768
Retainage payable	421,448	-
Accrued wages and vacation	5,551	8,107
Due to others	-	(24,000)
Payroll withholdings and taxes payable	319	831
<b>TOTAL ADJUSTMENTS</b>	<b>2,985,998</b>	<b>1,922,347</b>
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	 <b>\$ 5,232,778</b>	 <b>\$ 4,533,508</b>
 <b>SUPPLEMENTAL DISCLOSURES:</b>		
Unrealized gain (loss) on investments	\$ (35,797)	\$ 30,965
Contributed capital assets	2,016,748	1,103,781

The accompanying notes are an integral part of these financial statements.

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**DUCKETT CREEK SANITARY DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005

1. **DESCRIPTION OF OPERATIONS**

Duckett Creek Sanitary District (the District) began operation January 1, 1978 as a sewer district and political subdivision of the State of Missouri. The District owns and operates a revenue producing sewerage system serving the District and its inhabitants. The District occupies approximately one quarter of the total area of St. Charles County, Missouri, and serves over 33,000 households.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** - The District is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public and a periodic determination of revenue earned, expenses incurred and/or change in net assets is appropriate for capital maintenance, public policy, management control, accountability or other purposes. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The District has elected not to follow FASB Standards issued after November 30, 1989. When both restricted and unrestricted resources are available for use, it is the District's policy to use the restricted resources before unrestricted.

**Measurement Focus and Basis of Accounting** - Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for services. The District also recognizes as operating revenue tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

GASB Statement 14 has been applied in determining the financial reporting entity of the District. Statement 14 requires the financial reporting entity to include the following:

- the primary government
- other organizations for which the primary government is financially accountable;
- any for-profit corporations of which the primary government holds majority ownership for the purpose of directly facilitating provision of government services; and
- any other organization whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's reporting entity based on the above criteria.

The District had determined that there were no other agencies or entities which came under the criteria for inclusion.

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, the District considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

**Investments** - The District is authorized to invest funds not immediately needed for the purposes to which the funds are applicable, in obligations of the United States Treasury, United States Government Agencies, bank certificates of deposit and money market funds. Investments are stated at fair value.

**Budgets** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles except for depreciation and interest, which are not budgeted. All annual appropriations lapse at fiscal year end. The appropriated budget is prepared by department. All budget adjustments require the approval of the executive director. The legal level of control is at the entity level. The District's budget for capital asset purchases is not reflected in the supplementary schedules since these items are capitalized and depreciated.

**Concentration of Credit Risk** - The District grants credit for sewer bills to the residential and commercial consumers it serves in St. Charles County.

**Concentration of Cash and Investments** - The District has cash and investments in several Missouri banks, which are FDIC insured or secured by collateral. Account balances, at the balance sheet date, were entirely covered by FDIC insurance or collateralized.



2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

**Accounts Receivable** - Consumer accounts receivable consist of balances owed for services billed. The District does not record an allowance for doubtful accounts because properties with unpaid balances have a lien placed on them. Any unpaid balance is subsequently paid when the property is sold. The District charges late fees of 3.5% per month for balances over 30 days past due.

**Supplemental Cash Flow Information** - A summary of the cash and cash equivalents is as follows:

	<u>2006</u>	<u>2005</u>
Current Assets:		
Cash and cash equivalents	\$ 819,917	\$ 748,573
Restricted Assets:		
Cash and cash equivalents:		
Revenue Bond Construction	1,259,252	1,287,740
Revenue Bond Debt Service	412,018	388,399
Revenue Bond Debt Service Reserve	694,042	701,245
Depreciation and Replacement Reserve	34,361	20,444
Total Restricted Cash and Cash Equivalents	<u>2,399,673</u>	<u>2,397,828</u>
<b>TOTAL CASH AND     CASH EQUIVALENTS</b>	<u>\$ 3,219,590</u>	<u>\$ 3,146,401</u>

**Capital Assets** - The costs of additions and betterments are capitalized at cost. Donated assets including dedicated sewer lines are recorded at their fair value on the date of donation as a capital contribution. Interest cost of restricted tax exempt borrowings less any interest earned on investment of the proceeds of these borrowings during construction are capitalized as part of the cost of the asset. No interest costs were incurred or capitalized in the construction of assets in 2006 and 2005. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The capitalization threshold for capital assets is \$5,000. Depreciation is calculated basis over estimated service lives as follows:

<u>Major Group</u>	<u>Method</u>	<u>Life</u>
Plant and equipment	Straight-line	7 - 75 years
Infrastructure	Straight-line	75 years
Equipment	Straight-line	3 - 15 years

Depreciation expense at December 31, 2006 and 2005 was \$1,787,748 and \$1,712,027, respectively.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

**Bond Issuance Costs** - Bond issuance costs are recorded as deferred charges and amortized over the lives of the bonds using the straight-line method.

**Bond Premium** - Premiums received over the face value of debt when it is issued is amortized against interest expense over the lives of the bonds.

**Compensated Absences** - The District permits employees to accumulate earned but unused vacation. Vacation pay is accrued when earned and reported as a liability.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. **DEPOSITS AND INVESTMENTS**

**Deposits** - At December 31, 2006, the carrying amount of the District's deposits was \$3,219,590 and the institutional balance was \$1,241,575. Institutional balances were entirely covered by the Federal Deposit Insurance Corporation (FDIC), the Securities Investor Protection Corporation (SIPC) or collateralized with securities held by the District's agent in the District's name.

**Investments** - At December 31, 2006 and 2005, the District's investments are classified in the accompanying financial statements as follows:

	<u>2006</u>	<u>2005</u>
CURRENT ASSETS		
Restricted assets:		
Investments	\$ 7,059,596	\$ 1,028,909
NON-CURRENT ASSETS		
Investments	8,106,165	5,495,208
Restricted assets:		
Investments	<u>806,473</u>	<u>812,755</u>
TOTAL	<u>\$ 15,972,234</u>	<u>\$ 7,336,872</u>

District Investment Policy: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits its investment allocation as follows:

<u>Investment Classification</u>	<u>Maturity Range</u>	<u>Maximum Allocation</u>
Short-term	0-3 years	75%
Intermediate	4-7 years	75%
Long-term	8-10 years	25%

3. **DEPOSITS AND INVESTMENTS** - continued

The policy does not address credit risk or concentration of credit risk. In addition, the policy does not address investment of debt proceeds held by bond trustees, which are governed by the State Revolving Loan Fund debt agreements.

Credit Risk: As of December 31, 2006, the District's investments in U.S. Agency securities are rated AAA by Standard & Poor's and by Moody's Investors Service. The District's investments in guaranteed investment agreements and repurchase agreements are not rated.

Concentration of Credit Risk: The District places no limit on the amount that it may invest in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investment are as follows:

Investment type	Reported Amount
FHLB	7,230,348
FHLMC	4,092,372
FNMA	2,376,265
AIG	1,082,619
Money Market Fund	1,439,590

Interest Rate Risk: Information about the sensitivity of the fair values of the District's investment (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Entity's investments by maturity:

Investment Type	Fair Value	0-3 Years	4-7 Years	8-10 Years	More than 10 Years
U.S. Agency Securities	\$ 14,891,932	\$ 5,723,057	\$ 3,496,771	\$ 4,672,104	\$ 1,000,000
Money Market Fund	1,439,591	1,439,591	-	-	-
Repurchase Agreement	760,000	760,000	-	-	-
Guaranteed Investment Agreements	1,082,619	-	-	621,667	460,952
Total	<u>\$ 18,174,142</u>	<u>\$ 7,922,648</u>	<u>\$ 3,496,771</u>	<u>\$ 5,293,771</u>	<u>\$ 1,460,952</u>

4. **RESTRICTED ASSETS**

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond construction" accounts are used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond debt service" accounts are used to segregate resources accumulated for principal and interest payments over the next twelve months.

Net assets are reserved for debt service to the extent that restricted assets required by revenue bonds exceed the liabilities payable from restricted assets. The "revenue bond debt service reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond debt service accounts. Investment income in excess of reserve requirements is used to fund current debt service payments.

The "revenue bond depreciation and replacement" accounts are used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The "revenue bond depreciation and replacement" account is also being used to fulfill various grant requirements. Cash monies in each of the accounts are deposited in banks insured by the FDIC, the SIPC or in direct obligations of the federal government in accordance with the bond resolution.

5. **DEFERRED CHARGES**

At December 31, deferred charges consisted of the following:

	<u>2006</u>	<u>2005</u>
Bond issuance costs	\$ 1,496,465	\$ 1,322,920
Less: accumulated amortization	<u>695,621</u>	<u>615,438</u>
DEFERRED CHARGES	<u>\$ 800,844</u>	<u>\$ 707,482</u>

## 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	Balance, Beginning Of Year	Additions	Reclassifications/ Retirements	Contributed Assets	Balance, End Of Year
Capital assets, not being depreciated:					
Land	\$ 1,008,751	\$ 6,205	\$ -	\$ -	\$ 1,014,956
Construction in progress	2,317,808	9,805,164	(1,925,047)	-	10,197,925
Total capital assets, not being depreciated	3,326,559	9,811,369	(1,925,047)	-	11,212,881
Capital assets, being depreciated:					
Plant and equipment	70,451,397	2,547,053	1,943,973	-	74,942,423
Infrastructure	38,255,366	2,016,745	(18,925)	-	40,253,186
Equipment	2,215,578	251,874	(91,616)	-	2,375,836
Total capital assets being depreciated	110,922,341	4,815,672	1,833,432	-	117,571,445
Less accumulated depreciation for:					
Plant and equipment	(11,188,818)	(1,021,880)	(330)	-	(12,211,028)
Infrastructure	(5,413,219)	(509,819)	250	-	(5,922,788)
Equipment	(1,466,824)	(256,048)	91,695	-	(1,631,177)
Total accumulated depreciation	(18,068,861)	(1,787,747)	91,615	-	(19,764,993)
Total capital assets, being depreciated, net	92,853,480	3,027,924	1,925,047	-	97,806,452
Total capital assets, net	\$ 96,180,039	\$ 12,839,294	\$ -	\$ -	\$ 109,019,333

## 7. REVENUE BONDS PAYABLE

**Sewerage System Revenue Bonds - Series 1992A** - The Sewerage System Revenue Bonds - Series 1992A totaling \$1,935,000 were issued to finance the expansion of the sanitary sewer system to areas within the District as approved by voters in 1991. The Bonds, dated June 1, 1992, are a part of the State Environmental Improvement and Energy Resources Authority Water Pollution Control Revenue Bonds (State Revolving Fund Program - Multiple Participant Series). The Bonds bear interest at 4.25% - 6.55% per annum with interest payable on January 1 and July 1 in each year. The bonds mature on January 1 in the years and amounts as shown on the following page.

7. **REVENUE BONDS PAYABLE** - continued

Pursuant to the bond ordinances the following accounts are funded by or on the behalf of each participant in the program:

Debt Service Accounts - Used to accumulate the monthly payments made by the District. Accounts are then used to fund the semi-annual principal and interest payments.

Reserve Account - Used to make up any deficiencies of principal and interest when debt service is due. The account is funded through the State Wastewater Loan Fund. When fully funded the account will equal 50% of the unpaid principal on the bonds. Interest on the account is used for the semi-annual debt service payments.

**Sewerage System Revenue Bonds - Series 1994B** - The Sewerage System Revenue Bonds - Series 1994B totaling \$43,230,000 were issued to finance the construction of a new treatment plant. The bonds, dated November 1, 1994, are a part of the State Environmental Improvement and Energy Resources Authority Water Pollution Control Revenue Bonds (State Revolving Fund Program - Multiple Participant Series). The bonds bear interest at 5.25% - 7.2% per annum with interest payable on January 1 and July 1 in each year. The bonds mature on July 1 in the years and amounts as shown on the following page. Pursuant to the bond ordinances, the following accounts are funded by or on the behalf of each participant in the program:

Debt Service Account - Used to accumulate the monthly payments made by the District. These amounts are then used to fund the semi-annual principal and interest payments.

Reserve Account - This account was established to make up any deficiencies of principal and interest when debt service is due. The account is funded through the Wastewater Loan Fund. Interest earned on the account is used for the semi-annual debt service payments.

**Revenue Bonds - Series 2002A** - The District issued \$5,045,000 in Revenue Bonds - Series 2002A to advance refund outstanding Series 1983, 1985, 1986 and 1992C Revenue Bond Issues. The bonds dated September 27, 2002 bear interest at 2.0% - 4.0% per annum with interest payable on March 1 and September 1 in each year. The bonds mature on September 1 in the years and amounts as shown on the following page.

Debt Service Accounts - Used to accumulate the monthly payments made by the District. The amounts are then used to fund the semi-annual principal and interest payments.

Reserve Account - Used to accumulate funds to be expended for authorized purposes.

7. **REVENUE BONDS PAYABLE** - continued

**Sewerage System Revenue Bonds - Series 2002A** - The Sewerage System Revenue Bonds - Series 2002A totaling \$29,545,000 were issued to finance the construction of sewer lines and a pump station. The bonds, dated May 1, 2002, are a part of the State Environmental Improvement and Energy Resources Authority Water Pollution Control Revenue Bonds (State Revolving Fund Program - Multiple Participant Series). The bonds bear interest at 3.0% - 5.15% per annum with interest payable on January 1 and July 1 in each year. The bonds mature on January 1 in the years and amounts as shown below. A premium of \$52,300 will be amortized over the life of the bonds, which is 22 years. Amortization of the premium reduced interest expense by \$2,377 in 2006 and 2005. Pursuant to the bond ordinances, the following accounts are funded by or on the behalf of each participant in the program:

Debt Service Account - Used to accumulate the monthly payments made by the District. These amounts are then used to fund the semi-annual principal and interest payments.

Construction Account - The proceeds from the sale of the bonds were deposited in this account. Monies in this account are disbursed to pay eligible project costs or after completion of disbursements, the principal and interest on the bonds.

Reserve Account - This account was established to make up any deficiencies of principal and interest when debt service is due. The account is funded through the Wastewater Loan Fund. Interest earned on the account is used for the semi-annual debt service payments.

**Sewerage System Revenue Bonds - Series 2006** - The Sewerage System Revenue Bonds - Series 2006 totaling \$18,800,000 were issued for the purpose of paying the costs of acquiring, constructing, improving and extending the District's sewerage system, fund a debt service reserve fund for the Bonds, and pay the costs of issuance of the Bonds. The bonds, dated April 11, 2006, are capital appreciation bonds with a weighted average maturity of 41.715 years. The bonds bear interest at 3.5% - 4.35% per annum with interest payable on June 1 and December 1 in each year. The bonds mature on December 1 in the years and amounts as shown below. Pursuant to the bond ordinances, the following accounts are funded by or on the behalf of each participant in the program:

Operation and Maintenance Account - This account will be used to pay the estimated expenses during the ensuing month. All amounts paid and credited to the Operation and Maintenance Account shall be expended and used by the District solely for the purpose of paying the Expenses of the system.

Debt Service Account - Used to accumulate the monthly payments made by the District. These amounts are then used to fund the semi-annual principal and interest payments.

Surplus Account - After all payments and credits required have been made, the remaining proceeds shall be paid and credited to this account. Monies in this account are disbursed to pay eligible project costs or after completion of disbursements, the principal and interest on the bonds.

Reserve Account - This account was established to make up any deficiencies of principal and interest when debt service is due. Interest earned on the account is used for the semi-annual debt service payments.

7. **REVENUE BONDS PAYABLE** - continued

The following is a summary of long-term debt transactions for the year ended December 31, 2006:

	Balance, Beginning Of Year	Additions	Deductions	Balance, End Of Year	Amounts Due One Year
Sewerage System	\$ 1,080,000	\$ -	\$ ( 105,000)	\$ 975,000	\$ 115,000
Revenue Bonds:	23,466,000	-	(1,376,000)	22,090,000	1,492,000
Series 1992A	3,800,000	-	( 185,000)	3,615,000	185,000
Series 1994B	-	20,805,000	-	20,805,000	190,000
Series 2002A					
Series 2006					
Amortization of capital appreciation bonds - 2006	-	(2,009,569)	174,894	(1,834,675)	-
Revenue Bonds - Series 2002A	2,490,000	-	( 640,000)	1,850,000	650,000
<b>TOTAL LONG- TERM LIABILITIES</b>	<b>\$ 30,836,000</b>	<b>\$ 18,795,431</b>	<b>\$ (2,131,106)</b>	<b>\$ 47,500,325</b>	<b>\$ 2,632,000</b>

The following is a schedule of the principal and interest requirements:

YEAR	PRINCIPAL	INTEREST	TOTAL
2007	\$ 2,632,000	\$ 2,543,585	\$ 5,175,585
2008	2,836,000	2,435,644	5,271,644
2009	2,672,000	2,267,560	4,939,560
2010	2,672,000	2,097,175	4,769,175
2011	2,750,000	1,918,557	4,668,557
2012 - 2016	16,678,000	6,643,389	23,321,389
2017 - 2021	10,200,000	2,992,465	13,192,465
2022 - 2025	8,895,000	959,622	9,854,622
<b>TOTALS</b>	<b>\$ 49,335,000</b>	<b>\$ 21,857,997</b>	<b>\$ 71,192,997</b>

The revenue bonds are collateralized by the revenue from the sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue bond funds. Any remaining revenues may then be used for any lawful purpose. Deposits in the revenue bond funds are to be made by the first day of each month. The ordinances also contain certain provisions which require the District to maintain pledged revenues, as defined in the ordinances, for each year of at least 120% of the annual debt service requirements. For fiscal year 2006, the revenue bond coverage is 124%.



8. **RISK MANAGEMENT**

The District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District purchases commercial insurance to cover risks related to building and other District property, crimes, business, travel, earthquakes, and employee blanket bonds. Settled claims resulting from these risks have not exceeded coverage in any of the past four years.

9. **QUALIFIED RETIREMENT PLAN**

The District adopted a 401(k) retirement plan as of April 1, 1984. The plan is a defined contribution plan. The plan covers all employees who are 21 years of age with at least one year of service prior to the plan anniversary date of January 1st. The Board of Trustee has the sole ability to amend or terminate the plan. The Plan is administered by Qualified Plan Services, Inc. The District matches employee contributions 100% up to a 6% contribution limit. The District's plan contribution and administrative expenses for 2006 and 2005 were \$84,537 and \$84,470, respectively

10. **COMMITMENTS**

The District has a contract for engineering services related to a sewer project. The total amount outstanding for work yet to be performed is \$850,637.

**SUPPLEMENTARY INFORMATION**

**DUCKETT CREEK SANITARY DISTRICT**  
**SCHEDULE OF OPERATING AND ENGINEERING EXPENSES -**  
**BUDGET AND ACTUAL - FOR THE YEAR ENDED DECEMBER 31, 2006**  
**AND COMPARATIVE ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2005**

	2006		2005	
	BUDGET	OVER (UNDER) BUDGET	ACTUAL	ACTUAL
<b>OPERATING EXPENSES</b>				
Field operation wages	\$ 734,648	\$ (47,959)	\$ 686,689	\$ 670,652
Employee benefits	161,045	(18,341)	142,704	134,501
Backup reimbursement	31,500	(11,233)	20,267	20,993
Bio-solid polymer and removal	107,100	(8,097)	99,003	104,978
Communications	8,805	5,716	14,521	6,586
Conventions, education and seminars	5,513	5,188	10,701	4,853
Dues and publications	882	(279)	603	1,787
Insurance	165,000	(21,495)	143,505	137,157
Janitorial	39,900	33,345	73,245	42,471
Lab consumable supplies	32,200	306	32,506	28,599
Lift station repairs	121,091	(21,966)	99,125	92,987
Maintenance	147,210	5,196	152,406	118,990
Odor control	14,385	723	15,108	7,166
Operating permits	-	20,756	20,756	19,295
Professional services	2,310	457	2,767	2,275
Small tools and equipment	16,800	3,358	20,158	3,079
Utilities	700,905	(17,778)	683,127	640,974
Uniforms	11,025	(452)	10,573	10,626
Vehicle	106,775	21,801	128,576	126,770
TOTAL OPERATING EXPENSES	<u>\$ 2,407,094</u>	<u>\$ (50,754)</u>	<u>\$ 2,356,340</u>	<u>\$ 2,174,739</u>
<b>ENGINEERING EXPENSES</b>				
Engineering wages	\$ 898,212	\$ 32,221	\$ 930,433	\$ 882,289
Employee benefits	164,086	(12,565)	151,521	147,017
Conventions, education and seminars	5,250	863	6,113	3,338
Dues and publications	525	152	677	1,834
Easements and land acquisitions	2,625	(2,426)	199	255
Equipment and tools	24,150	11,831	35,981	34,836
Maintenance	42,000	13,218	55,218	96,592
Miscellaneous	2,625	97	2,722	1,329
Professional services	2,625	(790)	1,835	1,655
Supplies	5,360	(2,735)	2,625	3,293
Vehicle	1,260	1,505	2,765	603
TOTAL ENGINEERING EXPENSES	<u>\$ 1,148,718</u>	<u>\$ 41,371</u>	<u>\$ 1,190,089</u>	<u>\$ 1,173,041</u>

**DUCKETT CREEK SANITARY DISTRICT**  
**SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES -**  
**BUDGET AND ACTUAL - FOR THE YEAR ENDED DECEMBER 31, 2006**  
**AND COMPARATIVE ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2005**

	2006		2005	
	BUDGET	OVER (UNDER) BUDGET	ACTUAL	ACTUAL
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Salaries and wages	\$ 653,823	\$ (25,436)	\$ 628,387	\$ 543,105
Employee benefits	103,727	(9,881)	93,846	80,339
Annual bond fees	154,350	(1,347)	153,003	151,082
Community affairs	26,250	(11,457)	14,793	7,014
Collection expense	46,935	(2,767)	44,168	34,150
Computer equipment and maintenance	83,153	(7,162)	75,991	41,831
Conventions, education and seminars	58,838	(19,083)	39,755	52,339
Dues and publications	2,671	(1,172)	1,499	1,502
Equipment leases	6,692	(859)	5,833	7,177
Equipment maintenance	19,775	(695)	19,080	21,527
Intergovernment treatment fee	57,750	(57,750)	-	58,647
Legal	13,125	(1,369)	11,756	11,713
Office supplies	36,750	816	37,566	33,454
Postage	52,500	1,168	53,668	52,834
Professional services	25,200	(8,755)	16,445	27,306
Programming and software	12,912	(8,362)	4,550	5,382
Telephone	69,256	(4,783)	64,473	64,729
Vehicle	9,450	35	9,485	9,650
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>\$ 1,433,157</u>	<u>\$ (158,859)</u>	<u>1,274,298</u>	<u>\$ 1,203,781</u>

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# STATISTICAL SECTION



Duckett Creek Sanitary District



**DUCKETT CREEK SANITARY DISTRICT**  
**OPERATING EXPENSES BY TYPE**  
**FOR THE LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Wages	\$ 2,245,509	\$ 2,096,046	\$ 2,037,341	\$ 1,916,781	\$ 1,701,755	\$ 1,544,326	\$ 1,365,475	\$ 1,252,256	\$ 1,187,331	\$ 1,038,207
Benefits	388,071	361,857	358,898	315,988	304,650	240,331	193,309	179,862	162,155	215,862
Utilities	762,121	712,289	732,690	596,398	632,473	543,614	458,216	430,392	409,623	442,538
Repair/Maintenance	325,829	330,096	284,852	230,356	211,093	150,508	194,034	131,143	137,820	90,944
Supplies	315,640	229,601	241,222	217,401	401,173	174,865	207,024	192,915	151,756	178,745
Treatment Supplies	32,506	28,599	25,602	31,817	16,001	6,719	5,725	11,698	7,495	13,729
Insurance	143,505	137,157	125,878	114,851	89,791	67,918	55,656	51,859	50,371	52,450
Vehicle Expense	140,826	137,023	103,182	83,094	61,868	70,457	82,320	67,825	42,510	38,928
Bond and Administration										
Fees on Bonds	153,003	151,082	147,970	153,125	157,468	164,170	173,091	163,015	163,753	158,425
Contractual Services	195,632	253,272	290,752	196,430	195,757	471,063	516,052	380,818	298,297	245,200
Other	118,085	114,539	153,002	119,692	101,153	75,200	60,754	70,586	82,043	103,716
Emergency Reserve	-	-	-	-	-	-	-	23,000	-	3,150
Depreciation (1) (2)	<u>1,787,748</u>	<u>1,712,027</u>	<u>1,660,049</u>	<u>1,552,571</u>	<u>1,543,006</u>	<u>1,099,681</u>	<u>1,132,430</u>	<u>979,306</u>	<u>930,565</u>	<u>921,566</u>
	<u>\$ 6,608,475</u>	<u>\$ 6,263,588</u>	<u>\$ 6,161,438</u>	<u>\$ 5,528,504</u>	<u>\$ 5,416,188</u>	<u>\$ 4,608,852</u>	<u>\$ 4,444,086</u>	<u>\$ 3,934,675</u>	<u>\$ 3,623,719</u>	<u>\$ 3,503,460</u>

(1) Treatment Plant #2 began operations in April 1997.

(2) Includes infrastructure beginning in 2002.

**DUCKETT CREEK SANITARY DISTRICT**  
**REVENUES AND EXPENSES BY FUNCTION**  
**FOR THE LAST TEN FISCAL YEARS**

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>OPERATING REVENUES:</b>										
Sewer Charges	\$ 7,400,993	\$ 7,241,996	\$ 6,955,433	\$ 6,672,809	\$ 6,238,768	\$ 5,908,290	\$ 5,560,687	\$ 5,280,703	\$ 4,856,671	\$ 4,767,443
Connection Fees	1,388,476	1,546,253	1,006,836	807,092	561,411	760,658	584,550	848,924	887,609	742,309
Other	65,786	86,500	337,790	160,923	69,516	50,739	76,467	83,638	80,333	74,522
	<u>8,855,255</u>	<u>8,874,749</u>	<u>8,300,059</u>	<u>7,640,824</u>	<u>6,869,695</u>	<u>6,719,687</u>	<u>6,221,704</u>	<u>6,213,265</u>	<u>5,824,613</u>	<u>5,584,274</u>
<b>OPERATING EXPENSES</b>										
Operating	2,356,340	2,174,739	2,233,275	1,913,506	1,988,638	1,839,423	1,686,695	1,506,702	1,402,612	1,445,895
Engineering	1,190,089	1,173,041	1,028,936	940,168	744,317	598,451	535,984	511,851	433,429	358,485
General and Administrative	1,274,298	1,203,781	1,239,178	1,122,259	1,140,227	1,071,297	1,088,977	936,816	857,113	777,514
Depreciation	1,787,748	1,712,027	1,660,049	1,552,571	1,543,006	1,099,681	1,132,430	979,306	930,565	921,566
	<u>6,608,475</u>	<u>6,263,588</u>	<u>6,161,438</u>	<u>5,528,504</u>	<u>5,416,188</u>	<u>4,608,852</u>	<u>4,444,086</u>	<u>3,934,675</u>	<u>3,623,719</u>	<u>3,503,460</u>
<b>NET OPERATING INCOME</b>	<u>\$ 2,246,780</u>	<u>\$ 2,611,161</u>	<u>\$ 2,138,621</u>	<u>\$ 2,112,320</u>	<u>\$ 1,453,507</u>	<u>\$ 2,110,835</u>	<u>\$ 1,777,618</u>	<u>\$ 2,278,590</u>	<u>\$ 2,200,894</u>	<u>\$ 2,080,814</u>



***DUCKETT CREEK SANITARY DISTRICT***  
**SEWER RATES**  
**FOR THE LAST TEN FISCAL YEARS**

	<u>Commercial (1)</u>	<u>Residential (2)</u>
2006	\$ 2.10	\$ 15.00
2005	2.10	15.00
2004	2.10	15.00
2003	2.10	15.00
2002	2.10	15.00
2001	2.10	15.00
2000	2.10	15.00
1999	2.10	15.00
1998	2.10	15.00
1997	2.10	15.00

(1) Commercial rate is per thousand gallons of water usage.

(2) Residential rate is monthly.

**DUCKETT CREEK SANITARY DISTRICT**  
**REVENUE BOND COVERAGE**  
**FOR THE LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Revenue</u>	<u>Expense (1)</u>	<u>Available for Debt Service</u>	<u>Debt Service Principal</u>	<u>Debt Service Interest</u>	<u>Total Debt Service</u>	<u>Coverage</u>
2006	\$ 11,073,897	\$ 4,820,727	\$ 6,253,170	\$ 2,131,106	\$ 2,304,896	\$ 4,436,002	124 %
2005	10,657,968	4,551,561	6,106,407	2,306,000	1,977,379	4,283,379	143
2004	10,450,079	4,501,389	5,948,690	2,334,000	2,085,148	4,419,148	135
2003	9,396,140	3,975,933	5,332,961	2,097,000	2,185,399	4,282,399	127
2002	9,206,143	3,873,182	5,816,980	2,053,000	2,297,845	4,350,845	123
2001	9,326,151	3,509,171	5,816,980	1,852,000	2,496,857	4,348,857	134
2000	9,211,294	3,311,656	5,899,638	1,754,000	2,718,169	4,472,169	132
1999	8,540,997	3,003,801	5,537,196	1,636,000	2,686,057	4,322,057	124
1998	8,188,220	2,750,295	5,437,925	1,471,000	2,765,452	4,236,452	126
1997	7,990,110	2,640,278	5,349,832	1,312,000	2,741,285	4,053,285	126

(1) Excludes depreciation, interest, and unrealized and realized gains and losses on investments and disposition of fixed assets.

***DUCKETT CREEK SANITARY DISTRICT***  
**TEN LARGEST EMPLOYERS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

<u>Employer</u>	<u>Employees</u>	<u>Type of Business</u>
Citigroup	5,000	Financial Services
General Motors	2,800	Manufacturer
Francis Howell School District	2,249	School District
Fort Zumwalt School District	2,234	School District
SSM St. Joseph Healthcare	2,036	Health Care Network
Ameristar Casino	1,900	Casino
MasterCard International	1,752	Financial Services
Wentzville School District	1,498	School District
St. Charles County Government	1,316	Government
MCI	1,300	Telecommunications

***DUCKETT CREEK SANITARY DISTRICT***  
**TEN LARGEST CUSTOMERS BY GALLONS BILLED**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

<u>Customer</u>	<u>Gallons</u>	<u>Type of Business</u>	<u>Percent of Total</u>	<u>Revenue</u>
Francis Howell Schools	27,888,500	School District	6.80%	\$ 58,566
Ashwood Apartments	13,078,100	Residential Apartments	3.19%	27,464
St. Louis Enclave	12,016,000	Residential Apartments	2.93%	25,234
Pheasant Point Apartments	11,932,200	Residential Apartments	2.91%	25,058
Heritage Apartments	10,535,100	Residential Apartments	2.57%	22,124
St Charles Community College	9,171,600	College	2.24%	19,260
Mallards Landing	8,548,000	Residential Apartments	2.09%	17,951
Gables at Breeze Point	8,050,200	Residential Apartments	1.96%	16,905
Citi Group	7,761,600	Corporate Office	1.89%	16,299
Nike IHM, Inc.	7,672,600	Corporate Office	1.87%	16,112
	<u>116,653,900</u>		<u>28.45%</u>	<u>\$ 244,973</u>

***DUCKETT CREEK SANITARY DISTRICT***  
 NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY  
 LAST TEN YEARS

<u>Fiscal Year</u>	<u>Maintenance and Operations</u>	<u>Inspection</u>	<u>General and Administration</u>	<u>Engineering</u>	<u>Total</u>
2006	12	7	11	11	41
2005	12	7	11	11	41
2004	12	7	11	10	40
2003	12	7	11	10	40
2002	11	7	11	10	39
2001	16	5	10	5	36
2000	15	4	10	5	34
1999	15	4	10	5	34
1998	15	4	9	4	32
1997	15	4	9	4	32

***DUCKETT CREEK SANITARY DISTRICT***  
NUMBER OF CUSTOMERS  
FOR THE LAST TEN FISCAL YEARS

	<u>Commercial</u>	<u>Residential</u>	<u>Total Customers</u>
2006	939	35,103	36,042
2005	835	33,543	34,378
2004	987	32,492	33,479
2003	742	31,882	32,624
2002	660	29,535	30,195
2001	609	27,458	28,067
2000	613	27,547	28,160
1999	536	25,775	26,311
1998	468	24,172	24,640
1997	484	23,474	23,958

**DUCKETT CREEK SANITARY DISTRICT**  
**RATIOS OF OUTSTANDING DEBT**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Population Served</u>	<u>Per Capita</u>
2006	\$ 47,500,325	101,924	\$ 466
2005	30,836,000	101,924	303
2004	33,170,000	101,924	325
2003	35,267,000	101,924	346
2002	37,320,000	101,924	366
2001	35,138,000	101,924	345
2000	36,990,000	101,924	363
1999	38,744,000	100,000	387
1998	40,380,000	100,000	404
1997	41,851,000	100,000	419

***DUCKETT CREEK SANITARY DISTRICT***  
**NET ASSETS BY COMPONENT**  
**LAST FIVE FISCAL YEARS**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Invested in capital assets, net of related debt	\$ 61,519,008	\$ 65,344,039	\$ 62,884,758	\$ 56,585,410	\$ 48,709,463
Restricted	10,265,742	4,239,492	3,178,814	5,003,468	\$ 6,753,884
Unrestricted	8,263,666	6,811,541	6,942,447	7,131,245	9,330,779
Total net assets	<u>\$ 80,048,416</u>	<u>\$ 76,395,072</u>	<u>\$ 73,006,019</u>	<u>\$ 68,720,123</u>	<u>\$ 64,794,126</u>



**DUCKETT CREEK SANITARY DISTRICT**  
**CHANGES IN NET ASSETS**  
**FOR THE LAST FIVE FISCAL YEARS**

Fiscal Year	Operating Revenues	Operating Expenses	Net Operating Income	Total Nonoperating Revenue/ (Expenses)	Income/(Loss) before Capital Contributions	Capital Contributions	Change in Net Assets
2006	\$ 8,855,255	\$ 6,608,475	\$ 2,246,780	\$ (610,184)	\$ 1,636,596	\$ 2,016,748	\$ 3,653,344
2005	8,874,749	6,263,588	2,611,161	(325,889)	2,285,272	1,103,781	3,389,053
2004	8,300,059	6,161,438	2,138,621	(2,456)	2,136,165	2,149,731	4,285,896
2003	7,640,834	5,528,505	2,112,329	(736,080)	1,376,249	2,549,748	3,925,997
2002	6,869,695	5,416,188	1,453,507	(125,908)	1,327,599	1,286,633	2,614,232

Implemented GASB Statement No. 34 in 2002.

***DUCKETT CREEK SANITARY DISTRICT***  
**SYSTEM USAGE, BILLINGS, AND COLLECTIONS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**

<u>Year</u>	<u>System Use</u>	<u>Billings</u>	<u>Collections</u>
2006	3,003,824,440	\$ 7,575,125	\$ 7,618,965
2005	3,041,247,000	7,223,036	7,215,139
2004	3,077,094,000	6,265,813	6,364,627
2003	2,903,920,000	6,432,783	6,601,856
2002	2,997,352,000	6,208,441	6,139,924
2001	2,633,330,000	5,912,340	6,171,005
2000	2,372,500,000	6,221,704	5,911,252
1999	2,372,500,000	6,213,265	5,920,030
1998	2,372,500,000	5,824,613	5,556,492
1997	2,237,450,000	5,584,274	5,305,227

***DUCKETT CREEK SANITARY DISTRICT***  
**NONOPERATING REVENUES & EXPENSES**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Grants	Interest expenses	Interest income	Amortization of bond costs	Gain/(Loss) on investments	Gain/(Loss) on disposal of fixed assets	Total
2006	\$ -	\$ 2,456,494	\$ 2,205,418	\$ 80,183	\$ (292,149)	\$ 13,224	\$ (610,184)
2005	51,046	1,912,899	1,724,969	71,506	(124,703)	7,204	(325,889)
2004	382,654	2,014,967	1,767,366	79,031	(58,478)	7,546	5,090
2003	-	2,206,380	1,755,307	65,497	(219,510)	-	(736,080)
2002	-	2,437,011	2,144,291	25,266	192,157	(79)	(125,908)
2001	-	2,452,225	2,606,464	48,432	1,482	7,423	114,712
2000	-	2,676,378	2,989,590	48,432	-	(79,200)	185,580
1999	-	2,648,592	1,124,169	48,432	-	(245,970)	(1,818,825)
1998	-	2,733,045	2,363,607	57,141	-	214,533	(212,046)
1997	-	2,812,638	2,405,836	58,384	-	(129,623)	(594,809)

**DUCKETT CREEK SANITARY DISTRICT**  
**OPERATING AND CAPITAL INDICATORS**  
**LAST TEN YEARS**

Indicators	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Miles of Sanitary Sewer	563	544	521	503	485	474	458	440	400	400
Number of Service Conncctions	43,068	41,165	38,581	36,969	35,453	34,639	33,069	31,349	29,936	28,500
Number of Lift Stations	35	37	32	28	28	22	22	23	23	23
Number of Treatment Plants	4	4	4	3	2	2	2	2	2	2
Daily Average Treatment (Gallons):										
Plant #1	4.8 MGD	4.8 MGD	4.8 MGD	4.5 MGD	4.5 MGD	4.20 MGD	4.20 MGD	4.20 MGD	4.20 MGD	4.20 MGD
Plant #2	3.5 MGD	3.5 MGD	3.3 MGCD	3.0 MGD	3.0 MGD	2.30 MGD	2.30 MGD	2.30 MGD	2.20 MGD	2.20 MGD
Augusta Shores Plant	18,391 GPD	15,400 GPD	13,500 GPD	5,000 GPD	1,500 GPD	-	-	-	-	-
Steven A. Rogers MBR Plant	11,265 GPD	11,005 GPD	11,063 GPD	-	-	-	-	-	-	-
Maximum Capacity of Treatment Plants:										
Plant #1	5.0 MGD	5.0 MGD	5.0 MGD	5.0 MGD	5.0 MGD	6.25 MGD	6.25 MGD	6.25 MGD	6.25 MGD	6.25 MGD
Plant #2	7.0 MGD	7.0 MGD	7.0 MGD	7.0 MGD	7.0 MGD	6.25 MGD	6.25 MGD	6.25 MGD	7.00 MGD	7.00 MGD
Augusta Shores Plant	60,000 GPD	60,000 GPD	60,000 GPD	60,000 GPD	60,000 GPD	-	-	-	-	-
Steven A. Rogers MBR Plant	25,000 GPD	25,000 GPD	25,000 GPD	-	-	-	-	-	-	-